

Committee: CABINET	Date: 6 October 2010	Classification: Unrestricted	Report No:	Agenda Item:
Report of: Corporate Director, Development & Renewal Originating officer: Toks Osibogun		Title: Neighbourhood Shops Policy Wards Affected: All		

1 SUMMARY

- 1.1 This report recommends that Cabinet agree, in principle, to adopt a policy to provide a framework for the management of the Council's shops portfolio.
- 1.2 It is proposed to undertake consultation on this proposal following Cabinet's in principle decision to approve the adoption of this policy.

2 RECOMMENDATION

It is recommended that Cabinet agree to

- 2.1 Consider the draft policy in Appendix 1.
- 2.2 Authorise the Corporate Director of Development and Renewal to consult on the draft policy.

3 BACKGROUND

- 3.1 Local shops provide the community with facilities which are used by customers on a day-to-day basis. The availability of goods is an integral part of the quality of life for those that regularly use the shops. In order to ensure the Council has a consistent approach to its letting of shops, it is considered necessary that a policy is formalised and adopted which would result in service improvements to the residents of the borough.
- 3.2 The management of the Council's shops is currently being undertaken by the Asset Management Division within Development and Renewal Directorate.

The Council owns approximately 270 shops generating an annual revenue income of £1.9M. These shops are situated within HRA designated land. A break down of the current uses is set out below:

Use Class/Use	Description/Comments	% of overall portfolio
A1	Shops	64.81%
A2	Financial and professional Services	11.48%
A3	Restaurants/Cafes	5.56%
A4	Drinking establishments i.e. pubs/bars	1.85%
A5	Hot Foods & Take Aways	5.56%
D1	Non residential institutions	3.70%
B2	General Industrial	0.37%
B1	Businesses i.e. Offices	0.37%
Sui Generis	Theatres etc	2.59%
Voids	Vacant Units (a number of these are being held pending development)	3.71%

- 3.3 These shops form an important access point for the local community, especially the elderly, socially isolated and people who find it difficult to use public transport to go out of their shopping area.
- 3.4 Neighbourhood shops can offer price competition, opportunity for alternative supply chain and a greater variety of goods. Furthermore, a suitable spread of retail outlets can ensure that the sustainability of the Council's aim of maintaining its aim of working with businesses to increase prosperity and protect jobs while maintaining a healthy and sustainable community.
- 3.5 It should be noted that it is being proposed that in parades where there are existing A3 and A5 uses (restaurants/cafes and hot foods and takeaways), the Council as landlord will not allow a shop to change its use to uses within these classes but will support proposed changes of use that encourage the sale of healthy foods, including fresh fruit and vegetables. Furthermore, where a unit becomes empty and available for let, there will be a presumption against A3 and A5 uses, however, this will be considered in the context of the viability of the parade and the existing level of provision locally.

4 CONSULTATION

- 4.1 It is proposed to consult with key partners such as Tenants and Residents Association, Tower Hamlets Homes, The Foundation Trust, Primary Care Trust and the Police to seek their views. Additionally, it is proposed to consult Members, relevant Council Officers as well as existing shop tenants and residents to seek their views.

Written explanation as to the objectives of the exercise will be provided as part of the consultation exercise. This will also be provided in Bangladeshi, Somali and Cantonese.

5 COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 5.1 The report seeks pre-consultation Cabinet approval of the draft Neighbourhood Shops Policy which focuses on the prioritisation of available properties to provision of goods and services which best meet local needs, whilst ensuring commercial considerations of property are taken into account.
- 5.2 Members should note that any measures to restrict shop usage could adversely impact on rental income receivable, and this could have unfavourable financial implications for the Housing Revenue Account. Achievement of specific policy objectives, in this regard, and in particular the desired outcome of a more balanced and sustainable mix of commercial outlets should be considered in this context, and with the statutory requirement to have a balanced HRA. It is not possible to quantify the exact financial implications of the proposals contained within this report, however shops which meet local needs and are run on a commercial basis are likely to be more profitable and hence provide a better secured return for the HRA in the long run.
- 5.3 Costs associated with consultation of the proposed policy will be contained within the existing recharge to the HRA from the Asset Management Division within Development and Renewal.

6. COMMENTS OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 6.1. The shops, the subject of the report, are provided by the Council in connection with housing accommodation under Part 2 of the Housing Act 1985. Section 12 of the 1985 Act permits the Council to provide buildings adapted for use as shops with the Secretary of State's consent. The policy will need to specify that it is subject to the terms of any consent provided by the Secretary of State.
- 6.2. The shops are housing revenue account properties and the Council is required to credit rent income from the shops against the housing revenue account in accordance with Part 6 of the Local Government and Housing Act

1989. The Council is required to prepare proposals in January and February each year relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be based on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The shops policy will need to be operated having regard to the Council's obligations in relation to the HRA and its annual proposals

- 6.3. Subject to those matters, it may be considered that adoption of a policy on the exercise of the Council's landlord function will tend to promote consistency and fairness, which would be reasonable objectives for the Council to pursue.

7 ONE TOWERHAMLETS CONSIDERATIONS

- 7.1 The report highlights the need for local resources to match the needs of the local community. Neighbourhood shops provide accessible shopping facilities for local residents and in particular the elderly and less mobile groups in the community.
- 7.2 It is proposed to undertake an Equalities Impact Assessment (EQIA) at the same time as the consultation process and the outcome included in the final report to Cabinet.

8 RISK MANAGEMENT IMPLICATIONS

- 8.1 Adoption of the proposed policy will enable officers to maximise the chances of maintaining viable shopping parades while also ensuring that whenever possible, they meet the needs of the local community

9 SUSTAINABLE ACTION FOR GREENER ENVIRONMENT

- 9.1 The provision of local shops offers convenience to residents and reduces the incidence of car use.

10 EFFICIENCY STATEMENT

- 10.1 The proposal will seek to ensure the Council maximises the financial returns from its shops portfolio.

List of Appendices

Shops Policy – Appendix 1

Shops List – Appendix 2